

October 21, 2002

Mr. Anthony V. DePalma
Manager, Municipal Assistance Unit
USEPA New England
JFK Federal Building
Boston, MA

Re: New Hampshire's 2002 Capacity Development Report

Dear Mr. DePalma:

Enclosed please find New Hampshire's 2002 Capacity Development Report. This report summarizes capacity activities and programs conducted in New Hampshire over the last state fiscal year.

We are pleased to inform you that over the last year, DES has successfully achieved many of the capacity program goals set forth in our 2000 capacity assurance strategy. We believe our initial approach to focus our capacity development efforts on education and outreach has created a wealth of useful information and an accommodating stakeholder environment within which future capacity development initiatives will be more readily received.

You will note a special interest has been placed on small systems. Typically, small systems are managed by part-time volunteers with limited water works experience, who are generally overwhelmed by the regulatory and operational responsibilities associated with running a public water supply system. They also cannot afford to attend traditional daylong training classes and seminars like their colleagues employed at larger municipal and investor-owned systems.

To meet these special needs, DES created a "do-it-yourself" type capacity education and outreach program. With the creation of 15 new capacity fact sheets, the Small Public Water Supply Help Center web page, the Public Water System Check-up & Self-Assessment Form, the Business Plan Template and our free, on-site technical assistance program, a wealth of information and support is now available to help motivated small systems wishing to improve their technical, managerial and financial abilities.

I hope you enjoy reading this summary of our capacity successes. Should you have any questions or comments, please contact me or DES' Capacity Coordinator, James Hewitt at (603) 271-3108.

Sincerely,

Anthony P. Giunta, P.G.
Administrator
Water Supply Engineering Bureau

Enclosures: New Hampshire 2002 Capacity Report
Sample Letter

cc: Jackie LeClair, EPA

**New Hampshire's Existing System Capacity Strategy
for period
July 1, 2001 - June 30, 2002**

I. Implementation Activities

For the state fiscal year ending June 30, 2002, the State of New Hampshire conducted the following activities in accordance with §1420(c):

A. Methods or Criteria to Identify and Prioritize the PWSs in Need of Technical, Managerial and Financial Assistance. (§1420(c)(A))

As stipulated in our original strategy, DES staff will identify potential candidates for capacity services. Systems may also request capacity assistance from DES. Prioritization of services to systems will be first based on SDWA compliance issues of MCLs and monitoring followed by poor service and inadequate facilities. The prioritization process in New Hampshire will be relatively informal.

In January 2002, the WSEB Compliance Section identified the following eighteen systems to be in need of capacity services. These systems were chosen based on WSEB's historical data of their operational and compliance difficulties.

| <u>EPA#</u> | <u>System Name</u> | <u>Town</u> | <u>System Class</u> |
|----------------|----------------------------|-------------|---------------------|
| 0092010 | Steele Pond Development | Antrim | C System |
| 0171010 | Bath Village Water Works | Bath | C System |
| 0342010 | Beebe River | Campton | C System |
| 0862010 | LOV Water Co Inc | Freedom | C System |
| 1185010 | A Brighter Future Daycare | Hooksett | P System |
| 1326040 | Wilson Tire Company | Lebanon | P System |
| 1363010 | Mill Hill Park | Northfield | C System |
| 1392180 | Century Village Condos | Londonderry | C System |
| 1393050 | Wagon Wheels Tenant Co-op | Londonderry | C System |
| 1756040 | Continental Biomass Ind. | Newton | P System |
| 1831010 | Orford Water Supply Co | Orford | C System |
| 1842060 | Deer Cove Water Co | Ossipee | C System |
| 1942010 | Tenney Village Condo Assoc | Plymouth | C System |
| 2003080 | Silver Bell MHP | Rochester | C System |
| 2281010 | Surry Village Water | Surry | C System |
| 2361010 | Troy Water Works | Troy | C System |
| 2422010 | South Main St. | Warren | C System |
| 2462010,40, 50 | Pillsbury Lake | Webster | C System |

A customized letter (sample attached) was sent to each of these systems which explained the capacity program and offered on-site capacity services free-of-charge. Regrettably, DES received no requests for capacity assistance from these eighteen systems.

B. Identification of Factors that Enhance or Impair Capacity (§1420(c)(B))

Factors under this element have not changed from the original strategy but items described in C. below, have been found to enhance capacity of systems from the original baseline.

C. How States are Using the Authorities and Resources of the SDWA (§1420(c)(C))

- **Capacity Fact Sheets**

DES developed seven informational fact sheets on the managerial aspects of operating a water system and six fact sheets on water system finances. The financial fact sheet topics included: *Basic Accounting Principles, Cash Flow Management, Developing Water Rates, Non-Payment of Water Fees, Controlling Expenses, Enhancing Revenues, Securing Loans and Grants & Construction Costs Summary*. The managerial fact sheets consisted of the following: *Managing a Public Water System, Managing a Public Meeting, Hiring a Qualified Consultant, Short /Long Range Planning and Conducting a Water Audit*. These three to five page fact sheets were distributed by staff at site visits, water board meetings and are posted on the capacity development website.

- **Capacity Resources via Internet**

The internet has proved to be a very effective and popular means to make information available to the public. DES's website averages over 60,000 users per month. DES, therefore, added a new capacity development link to its website known as the "Small Public Water Supply Help Center" and customized its features for the small system owner and operator. In addition to the capacity fact sheets, this site includes dozens of links to drinking water related topics such as water quality standards, SDWA information, operator training, sampling schedules and results, newsletter and other drinking water links. This website also features a link directly to DES staff in which e-mailed questions on small system management and operation will be answered. New Hampshire is one of only a few states to have a website devoted to small water systems. Though still under construction, many stakeholders have already commented on the usefulness of this site. Since its debut in May 2002, the Small Public Water Supply Help Center has registered over 1,000 "hits" per month.

- **Public Water System Check-up & Self-Assessment Form**

Staff from DES's Water Supply Engineering Bureau inspect every public water supply system at regularly scheduled intervals by conducting a "sanitary survey". The questionnaire used to conduct this survey, however, evaluates only a portion of the system's existing technical capacity to produce safe drinking water. Using self-assessment forms from other states and the American Water Works Association, DES developed a much more detailed 125-question self-assessment questionnaire that evaluates the details of a water system's technical, managerial and financial condition. Based on answers from this questionnaire, a water system is better able to prioritize water system improvements and plan for capital expenditures. Starting in 2002, all water systems that apply for low interest loans from the State Revolving Fund must complete this self-assessment form. A copy of this form is available on the capacity website. (www.des.state.nh.us/wseb/capacity)

- **Water Supply System Business Plan**

DES encourages water systems to operate "like a business". Just like any viable business, a water system needs to ensure, among other things, that revenues exceed expenses,

customers are satisfied, and reserve accounts are properly funded. Many small systems, however, are managed by volunteers, many of whom lack business expertise. To help water systems write their own business plan, DES developed a generic business plan template. This template organizes information related to a water system's technical, managerial and financial condition to help it prioritize activities needed to ensure long-term viability and SDWA compliance. A copy of this template is also available on the capacity website.

- **Electronic Communications**

Over the last few years, DES has been requesting the e-mail addresses of key water system personnel associated with each public water supply at the time of annual certification renewal. Water system operators have also been requested to furnish their e-mail address at the time of their permit renewal. DES currently maintains an e-mail database on approximately 300 water system operators and approximately 280 water system owners. DES has created an electronic mass e-mail system that can selectively group these e-mail addresses based on factors such as location in the state, treatment type, and population served. DES has used this e-mail system to relay water system security alerts and to announce the availability of the new capacity website.

- **Capacity Education**

A component of DES's capacity strategy was to develop a generic three-hour capacity development evening course and present it at various locations around the state. The target audience for this course is water board members and water system owners. This course would focus on the financial and managerial water system issues and the importance of active communication between the system owner and operator.

During the evening hours of May 22, 2002, one of DES's technical assistance contractors, Rural Community Assistance Program (RCAP), presented this capacity development course in Barrington, New Hampshire. Invitations to this course, titled "*Managing and Operating a Small Drinking Water System in the 21st Century*," were sent to over fifty system owners and operators in the area. Though not as well attended as anticipated, the course evaluations were very positive and attendees believed future sessions would be more popular as benefits of this course became better known. DES is in the process of negotiating a three-year contract with RCAP to present this course twice a year.

- **Technical Assistance Contractors**

Up to two percent of EPA's State Revolving Fund can be set aside for costs associated with helping small systems solve technical, managerial and financial problems. DES has contracted with Northeast Rural Water Association (NeWRA) to trouble-shoot technical problems and RCAP to assist systems with managerial and financial difficulties. Over the last two years NeWRA has helped solve technical problems at approximately 150 water systems and RCAP has assisted approximately 70 systems. DES has found using the 2 % set-aside to hire contract circuit riders is a very effective and efficient means to help small systems with their immediate and long-term problems.

- **Capacity Development Coordinator**

Recognizing SDWA responsibilities imposed on current staff did not allow for time to build an adequate capacity program, DES created a full time capacity coordinator position in July 2001. Since September 2001, the Capacity Coordinator has worked full-time on activities proposed in the 2000 Capacity Strategy and has been able to build New Hampshire's capacity program much faster than would have otherwise been possible.

D. Method of Establishing a Baseline and a Means of Measuring Improvements (§1420(c)(D))

DES is presently developing a database to track the nature and amount of capacity services provided to existing water systems. Elements of this database will include:

*System Name, EPA identification number, town
Category of capacity education or assistance (TMF), number of hours
Organization that provided capacity service*

Just as the term "capacity" is not easily defined, quantifying improvements of the capacity program has also proved to be a challenge. One method to measure improvements to New Hampshire's Capacity program is to quantify the amount of technical, managerial and financial information and tools that are now available to our state's water supply systems. Paragraph "C" above summarizes the improvements New Hampshire has made in this area over last fiscal year.

Alternatively, the affect of the new capacity initiatives and programs on water system performance could be measured by monitoring the trends in SDWA violations and customer complaints. New Hampshire intends to track SDWA violations and the number of chronic violators to evaluate our capacity strategy effectiveness and identify where improvements could be made. DES will continue to evaluate this area and make further modifications to the strategy in EPA FY 2003.

II. Changes to Strategy

New Hampshire will continue to implement its original strategy and focus efforts on the strategy's more successful elements. New elements we are working on include expanding the sanitary survey to include capacity topics, the preparation of a generic business plan for new non-transient, non-community water systems and tying enforcement penalties to the completion of capacity training and / or self-assessment. We are also working on the development of a capacity grant program for small systems. We envision a program that offers to qualified systems capacity assistance grants of up to \$15,000.00 to \$20,000.00. Unlike other states' capacity grant programs, however, which are limited to studies and evaluations, New Hampshire hopes to be able to offer small water systems financial assistance for the construction of capital improvements. The small system representatives on our capacity peer review committee identified the creation of grant program for capacity improvements as a top priority.

We believe these new strategies and programs will help our state's public water suppliers to better provide their customers with safe and reliable drinking water.

The chart below summarizes the new community and non-transient, non-community public water systems that were approved by WSEB for the subject time period.

**Annual Summary of the New PWS Program
for the period
July 1, 2001 - June 30, 2002**

| New CWSs | Approved | Denied | Reason for Denial |
|----------------------------|-----------------|---------------|--------------------------|
| 1. CORNERSTONE ESTATES | X | | |
| 2. LAMPLIGHTER ESTATES | X | | |
| 3. FLECHTER CORNER ESTATES | X | | |
| 4. RUNNELLS LANDING | X | | |
| 5. THE VINEYARDS | X | | |
| 6. STONEGATE ACRES | X | | |
| 7. HAMPSHIRE VILLAGE | X | | |
| 8. STONEWALL VILLAGE | X | | |
| 9. COTTAGES AT WINDCHIMES | X | | |
| | | | |
| TOTAL | 9 | | |
| New NTNCs | Approved | Denied | Reason for Denial |
| 1. SANDOWN N. ELEMENTARY | X | | |
| 2. FRISBEE HEALTH SERVICES | X | | |
| 3. BEAR ROCK BEVERAGE | X | | |
| 4. DYNAMIC FOUNDATION | X | | |
| 5. JJA INCORPORATED | X | | |
| 6. WASHINGTON ELEMENTARY | X | | |
| 7. EXETER HOSPITAL | X | | |
| 8. STRAFFORD TECHNOLOGY | X | | |
| TOTAL | 8 | | |

XYZ Water Company, Inc.
Attn: Rusty Waters
PO Box H2O
Waterville, NH 00000-0698

Subject: Technical, Managerial, and Financial Training Assistance for Small Water Systems

Dear Mr. Waters,

The New Hampshire Department of Environmental Services' Water Supply Engineering Bureau is pleased to announce the formation of a new training program designed specifically to address the needs of small community & non-community, non-transient public water systems. The purpose of this new training program is to provide customized, on-site training to system owners and operators to help them acquire the technical, managerial and financial abilities needed to provide their customers with safe and reliable drinking water.

The three primary components of water supply system operation, namely technical, managerial, and financial, have been grouped under the term "*Water System Capacity*" or just "*Capacity*". Capacity development can be thought of as a process through which a system plans for and implements activities to ensure that a water system can meet both its immediate and its long term obligations to provide safe and reliable drinking water to its customers.

- Technical capacity refers to the physical infrastructure of the water system, including but not limited to the adequacy of the source water, infrastructure (source, treatment, storage, and distribution), and the ability of system personnel to implement the requisite technical knowledge.
- Managerial capacity refers to the management structure of the water system, including but not limited to ownership accountability, staffing and organization, and effective linkages to customers and regulatory agencies.
- Financial capacity refers to the financial resources of the water system, including but not limited to revenue sufficiency, credit worthiness, and fiscal controls.

DES is offering Capacity Development training through an independent contractor, RHI, the Northeast Rural Community Assistant Program (RCAP), whose staff has extensive experience in small public water supply operations. To encourage participation, we are offering this training at no cost and at times and locations selected by you. Interested systems will first receive a thorough operations "check-up" by an RCAP staff member from which a customized assistance program will be developed.

If you are interesting in learning more about how this free assistance program can help improve the operation of your water system, please contact James Hewitt at 271-3108 or jhewitt@des.state.nh.us.

Sincerely,

James A. Hewitt, P.E.
Capacity Development Coordinator
Water Supply Engineering Bureau

cc: file #